

Me&MyMoney

Weaving a safety net through CPF and insurance

Alvin Yeo guards against worst-case scenarios first before focusing on growing his wealth



Sue-Ann Tan

When people think of investments, growing their wealth first comes to mind, but, for Mr Alvin Yeo, building his financial safety net is the first priority.

Mr Yeo, 38, a director of financial services at Great Eastern Financial Advisers, beefs up his insurance and makes regular contributions to his Central Provident Fund (CPF) accounts to ensure that he guards against worst-case scenarios.

After that is accomplished, he will then have peace of mind to focus on growing his pot of gold.

Mr Yeo, who has been with the insurer for the past 14 years, now leads a team of 20 financial representatives.

Insurance has a personal meaning to him, as his father suffered a heart attack a few months before his graduation.

"That helped me understand the importance of insurance as his medical bills were largely paid for," said Mr Yeo, whose father was then 56 and a tax officer. He had both a medical and critical illness plan plus basic ElderShield.

His father was also diagnosed with Parkinson's disease a few years later and decided to retire early.

"He was able to do that because he had been a disciplined saver and owned both endowment policies and stock investments that helped him to fund his retirement," added Mr Yeo.

"His experience has also shaped and strengthened my belief in the work that I do, and this was one of the key reasons that made me decide to join the financial planning industry," he noted.

Mr Yeo, who graduated from Singapore Management University in

2006 with a bachelor's degree in business management, is married to a 38-year-old administrative executive. They have a four-year-old boy and a four-month-old girl.

Q What's in your portfolio?

A I recently followed a movement to have \$1 million at 65 years old, so I started to transfer funds from my CPF Ordinary Account to my Special Account, and made further voluntary top-ups to my Special Account.

This is because providing a financial safety net is important in financial planning, especially with the risk-free, guaranteed interest rates offered by the CPF.

I invested 25 per cent of my investable assets in insurance policies, with the bulk in investment-linked policies. Such policies offer flexibility that is useful when one needs to make adjustments to one's financial plan. They can also provide the most value in terms of protection.

I invested another 25 per cent of my assets in blue-chip stocks in the Straits Times Index during this Covid-19 downturn. This was because of stocks being more affordable given their lower prices.

I have been contributing to my Supplementary Retirement Scheme account and bought various unit trusts. I have also started buying into funds managed by Vanguard and Dimensional Fund Advisors during this period through a regular savings plan.

I do this because dollar-cost averaging is a tried and tested method of investing and it also helps build a regular habit of staying invested and not speculating in the market.

Insurance-wise, I have mortgage insurance, death coverage of \$2.5 million and personal accident coverage of \$1 million.

I also have private hospitalisation plans, critical illness and, more important, disability income protection, which many people miss out on.

I do not wish to burden my family



Mr Alvin Yeo, a director of financial services at Great Eastern Financial Advisers, says it is useful to know the influences or biases that may impact you while investing, from herd mentality to being averse to loss. ST PHOTO: MARK CHEONG

Best and worst bets

Q What has been your biggest investing mistake?

A My biggest mistake was to agree to invest in a commercial property with some partners. The challenge that I did not foresee was that not everyone was on the same page on the exit strategy.

We had a good offer after buying the property for only a year but the main stakeholder decided not to sell it. I decided to sell my share at a slight discount as I decided I had had enough.

I am appreciative that the re-

maining partners were willing buyers of my share. The loss is minimal but there was a lot of frustration in the process, and the lesson learnt is that I will think twice about such a venture again.

Q And your best investment?

A The best investment has been my financial advisory business.

This is my first and only career so far. It is not just the monetary investment – the sweat, energy and resources I have invested to grow my advisory business have also been worth it. I am grateful to have had many mentors who

guided me along the way.

I also have immense satisfaction knowing that I have made a difference to my clients and the team of financial representatives that I lead.

The hallmark of a successful financial representative is one who listens intently to the needs and priorities of clients, and guides them to make plans and decisions that will put them in good stead for the future. It is about having the best interests of our clients in mind, in all that we do.

Sue-Ann Tan

and so my home will be paid up by the mortgage insurance, while my family will have peace of mind knowing they will be well taken care of should I be incapacitated.

Q What are your immediate investment plans?

A My immediate investment plan is to make my financial advisory business sustainable. My agency is in this business for the long haul. Through Great Eastern, we have regular training opportunities covering product knowledge, regulatory updates and skills in communication, sales and leadership.

I have also engaged an external consultant to provide specialised training for my staff in the areas of social media marketing.

Q How did you get interested in investing?

A My parents were ordinary employees but they were good savers. Setting aside enough money for not just a rainy day, but also a thunderstorm, they proceeded to buy blue-chip stocks and held them for a long time.

My business mentors are also very active investors and will share their experience and help me see the big picture. I believe in being patient and staying invested for the long haul and not to speculate in the stock market.

Q Describe your investing strategy.

A As a self-employed person, I aim to establish a basic financial safety net by contributing regularly to my

CPF accounts. I believe it is important to know that one has enough funds to provide a monthly payout when you are older and retired.

It is important to stay calm during the ups and downs of the stock market. It is useful to know the various influences or biases that may impact you while investing, from herd mentality to being averse to loss.

I rebalance my portfolio every six months. This is no different from the regular financial reviews that my agency conducts for our clients once every six to 12 months.

Q What else is in your financial plan?

A To use football analogy, I like to set up my "defence" of insurance planning first. Once I know the worst-case scenarios have been

taken care of, I can concentrate on going on the "offensive", such as growing my business and accumulating wealth through investments.

What is often missed out is providing clarity to our loved ones in the event of our premature death. That is why I did my CPF nomination and also wrote my will. My wife is doing the same.

I made my Lasting Power of Attorney to provide clarity in the event I am mentally incapacitated. It allows my appointed trusted executors to make the necessary arrangements for me on my medical and financial matters.

I am also reviewing my disability income protection especially since CareShield Life will be launched this year. Disability can strike anyone, young or old. And if that happens to me, I want to ensure that my family's standard of living is maintained.

Just before the birth of my second child, I made the decision to increase my death coverage first. This is because if I were to die prematurely, the impact would be much larger, and I want to provide as much as I can.

My parents gifted us a small lump sum to buy endowment policies for their grandchildren. I made a copy of the cheque so that my children will remember the name of their grandparents and that they are the ones who will help fund their education.

Q How are you planning for retirement?

A Rather than retire, I will probably slow down and continue to work to the best of my abilities. I find immense meaning and satisfaction from the work that I do. As I am self-employed, it is even more critical that I set aside enough funds and be self-sufficient.

Q Moneywise, what were your growing-up years like?

A My parents were both civil servants. Both retired early due to their health. I have two younger brothers.

We were a comfortable, middle-income family but my parents were very thrifty. In those days when my primary school pocket money was \$1, I spent 50 to 80 cents and put the unused coins into tin cans.

After my savings reached the brim, I tried to shake the coins out so that I could play video games during the school holidays. I realised that saving money just to use it later was not really saving at all.

I also worked part-time at Delifrance in my first year in Jurong Junior College so that I could save and buy a BMX bicycle. I realised that what you earn with your hard work gives you a tremendous sense of satisfaction.

Q What does money mean to you?

A When I was a young adult, I thought that money earned was a yardstick to judge how well you have done in your career. But now, I realise that it is simply a tool for us to provide security for our loved ones and bring comfort to those in need.

Q Home is now...

A A 1,259 sq ft, three-bedder private condominium in Sturdee Road.

Q I drive...

A A second-hand grey BMW X3. I just had a second child and decided that the size is just nice and the brand has been largely reliable.

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